

Message Text

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ACTION EUR-12

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INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 ACDA-05 DODE-00 PM-03

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R 091006Z MAY 75

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 42

INFO AMEMBASSY OTTAWA

C O N F I D E N T I A L MOSCOW 6437

E.O. 11652 XGDS1

TAGS: ETRD UR CA

SUBJ: SOVIET CREDIT-TRADE MISSIONS VISIT CANADA

REF: MOSCOW 5843

1. SUMMARY: SOVIET MISSION HEADED BY DEPUTY MINISTER FOREIGN ALKHIMOV PRESENTLY IN CANADA TO NEGOTIATE CREDIT AGREEMENT. ACCORDING CANADIAN EMBASSY SOURCE AGREEMENT WILL PROBABLY BE SIGNED THIS WEEK, ALTHOUGH DETAILS NOT KNOWN. SECOND GROUP, HEADED BY DEPUTY MINISTER FOREIGN TRADE SUSHKOV, DEPARTS MAY 13 FOR OTTAWA TO EXPLORE SPECIFIC PROJECTS FOR COOPERATION, INCLUDING PULP-PAPER MANUFACTURE, RAILWAY CONSTRUCTION IN PERMAFROST AREA, THERMOELECTRIC PLANTS, FARM IMPLEMENT PRODUCTION, AND FORESTRY PRODUCTS MANUFACTURE. THIS GROUP WILL TAKE PART IN JOINT COMMERCIAL COMMISSION MEETING IN OTTAWA MAY 28-29. LARGE DELEGATION ON TECHNOLOGICAL COOPERATION, HEADED BY FIRST DEPUTY CHAIRMAN STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY LEONID YEFREMOV, WILL ALSO VISIT CANADA IN LATE MAY. END SUMMARY.

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BEGIN UNCLASSIFIED

2. TASS VESTNIK, MAY 6, ANNOUNCED SOVIET ECONOMIC-TRADE MISSION HEADED BY DEPUTY MINISTER FOREIGN TRADE VLADIMIR ALKHIMOV ARRIVED OTTAWA MAY 3 FOR TALKS AIMED AT IMPROVING BILATERAL ECONOMIC RELATIONS AND TRADE. ACCORDING REPORT SOVIETS EXPECT SIGNIFICANT PROGRESS ALTHOUGH NO "SPECIAL IMPROVEMENTS" HAVE RESULTED FROM NUMEROUS CONTACTS OVER PAST FOUR YEARS. DUE SIMILARITY OF ECONOMIC PROBLEMS FACED BY CANADA AND USSR, LARGE POTENTIAL FOR TECHNOLOGICAL COOPERATION AND TRADE FORESEEN ESPECIALLY IN PERMAFROST REGION OF FAR NORTH. ARTICLE EMPHASIZES SOVIET INSISTENCE THAT RAW MATERIALS, FOODSTUFFS BE EXCLUDED AS BASIS FOR FUTURE TRADE EXPANSION.

3. VESTNIK REPORT MENTIONS SEVERAL "LARGE INDUSTRIAL PROJECTS ON COMPENSATION BASIS" IN WHICH CANADA MIGHT PARTICIPATE, AMONG WHICH UDOKAN COPPER DEPOSITS, CONSTRUCTION OF NEW PULP-PAPER PLANTS AND RECONSTRUCTION OF EXISTING PLANTS TO INCLUDE INSTALLATION PURIFICATION EQUIPMENT. FURTHER WORK ALSO FORESEEN ON DEVELOPMENT NEW "COOKING" METHODS FOR PULP AND RESEARCH ON DETAILED STRUCTURE AND COMPOSITION OF WOOD FIBERS AND PULP UNDER PREVIOUSLY SIGNED PROTOCOL. CANADIAN ASSISTANCE PLANNED IN METHODS FOR PACKING TRANSPORTATION AND STORAGE OF LUMBER PRODUCTS. OF EIGHT WORKING GROUPS FORMED UNDER FOUR-YEAR OLD SOVIET-CANADIAN AGREEMENT ON COOPERATION IN APPLICATIONS OF TECHNOLOGY TO INDUSTRY, MOST ACTIVE AND PROMISING ARE PULP-PAPER AND FORESTRY, AND ELECTRO-ENERGY GROUPS. LATTER GROUP WORKING ON CONSTRUCTION PROBLEMS OF THERMO-ELECTRIC PLANTS IN FAR NORTH PERMAFROST AREA AND PLANNING AND CONSTRUCTION OF LONG-DISTANCE ELECTRICAL TRANSMISSION LINES. ARTICLE REPORTS THAT AGREEMENT "NOT EXCLUDED" FOR SOVIET DEVELOPMENT AND CONSTRUCTION OF LONG-DISTANCE LINES FOR TRANSMISSION 750 KV AND 1200 KV DIRECT CURRENT USED IN CANADA.

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4. COMMENT: CANADIAN EMBASSY SOURCE (DENNIS BROWNE, COMMERCIAL OFFICER) CONFIRMED BASIC POINTS OF VESTNIK
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ARTICLE, ADDING THAT ALKHIMOV MISSION PRIMARILY TO EXPLORE CREDIT AGREEMENT. LAST YEAR CANADIAN EXPORT DEVELOPMENT CORPORATION WAS ABLE OFFER SOVIETS ONLY ABOUT DOLS 30 MILLION CREDITS. SMALL AMOUNT PLUS REQUIREMENT FOR COMMITMENT FEE AND SERVICE CHARGES REPORTEDLY RESULTED IN SHARP TURNDOWN BY SOVIETS WITH CANADIAN TEAM BEING "SENT HOME WITH THEIR EARS BURNING." BROWNE SAID ECONOMIC MINISTER-COUNSELOR PYBUS, WHO ACCOMPANIED SOVIET MISSION TO OTTAWA, INFORMED HIM

MAY 7 THAT CHANCES ARE GOOD THAT SOVIETS WILL SIGN SOME FORM CREDIT AGREEMENT BY END OF WEEK ALTHOUGH BROWNE CLAIMED HE DID NOT HAVE TOTAL FIGURE OF PROBABLE TERMS. BROWNE HIMSELF WILL ACCOMPANY SECOND SOVIET GROUP, HEADED BY DEPUTY FOREIGN TRADE MINISTER VLADIMIR SUSHKOV, TO CANADA ON MAY 13 FOR APPROXIMATELY THREE-WEEK VISIT. THIS GROUP WILL DISCUSS VARIOUS COOPERATIVE PROJECTS AND VISIT PULP-PAPER PLANTS, EQUIPMENT MANUFACTURERS FOR PAPER MACHINERY, AND TWO SMALL FACTORIES IN BRITISH COLUMBIA WHICH MAKE VEHICLES FOR OFF-ROAD OPERATION AND DRILLS CAPABLE OF BORING 26-INCH DIAMETER HOLES IN PERMAFROST. SOVIETS HAVE EXPRESSED INTEREST IN JOINT DEVELOPMENT OF TECHNOLOGY FOR EXPANDING DRILLING CAPABILITY TO ONE-METER DIAMETER HOLES, WHICH ARE APPARENTLY URGENTLY NEEDED ON CONSTRUCTION OF BAIKAL-AMUR RAILWAY. SOVIET INTEREST IN DRILLS AND OTHER CANADIAN TECHNOLOGY FOR RAILWAY CONSTRUCTION IN PERMAFROST REGIONS WAS STIMULATED BY SOVIET-INITIATED MISSION TO CANADA IN DECEMBER 1974. ACCORDING TO BROWNE SOVIETS AT THAT TIME ASKED CANADIANS ON URGENT BASIS TO ORGANIZE MEETINGS FOR MISSION, HEADED BY A DEPUTY MINISTER OF CONSTRUCTION, WITH "ALL CANADIANS FAMILIAR WITH CONSTRUCTION AND OPERATION OF RAILROADS IN PERMAFROST AREA, INCLUDING TRAIN ENGINEERS." CURRENT SUSHKOV MISSION WILL CONCLUDE IN OTTAWA MAY 28-29 WITH MEETINGS OF SOVIET CANADIAN JOINT COMMERCIAL COMMISSION. PLANS HAVE ALSO BEEN MADE FOR LATE-MAY VISIT OF SOVIET MISSION ON TECHNOLOGICAL COOPERATION HEADED BY FIRST DEPUTY CHAIRMAN STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY YEFREMOV AND INCLUDING REPRESENTATIVES FROM MINISTRIES AND FOREIGN TRADE ORGANIZATIONS INVOLVED IN NON-FERROUS METALLURGY, PULP-PAPER, FORESTRY PRODUCTS, AUTOMOTIVE AND FARM IMPLEMENTS PRODUCTION. ALTHOUGH SOVIETS HAVE MENTIONED UDOKAN COPPER PROJECT AT VARIOUS TIMES CANADIANS SEE LITTLE PROMISE OF SUBSTANTIAL INVOLVEMENT IN NEAR FUTURE. BROWNE
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DOES NOT BELIEVE SOVIETS HAVE APPROACHED CANADIANS WITH REGARD TECHNICAL PROBLEMS OR TEST PLANT PROJECT MENTIONED REFTEL.
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